

**INTERLOCAL AGREEMENT BETWEEN
SHARYLAND WATER SUPPLY
CORPORATION AND THE CITY OF
MISSION, TEXAS**

Sharyland Water Supply Corporation ("SWSC"), whose address is P. O. Box 1868, Mission, Hidalgo County, Texas 78573, and the City of Mission, Texas ("City"), whose address is 1201 E. 8th Street, Mission, Hidalgo County, Texas 78572, in consideration of the mutual promises contained herein and none other, hereby agree as follows:

WHEREAS, SWSC holds Certificate of Convenience and Necessity ("CCN") No. 10558; and

WHEREAS, SWSC has a water distribution system designed for potable water distribution to rural communities; and

WHEREAS, land described as an 11.34 -acre tract of land out of Lot 12, New Caledonia Subdivision Unit 1, Hidalgo County, Texas, as per map recorded in Volume 6, Page 19, Map Records of Hidalgo County, Texas, also known as The Grove on Moorefield Subdivision, ("Property") is located within SWSC's CCN (**Exhibit "A-1"**); and

WHEREAS, Lugo Property Ventures, LLC is the owner of the Property ("Owner"); and

WHEREAS, SWSC's system is not currently capable of supporting both the domestic potable water service and the fire hydrants on the Property; and

WHEREAS, City has a water main nearby; and

WHEREAS, City is willing to allow the Owner to connect the subdivision to its water main on a temporary basis until such time as SWSC extends a water main sized to support both the domestic potable water service and the fire hydrants on the Property; and

WHEREAS, Owner has agreed to construct the required on-site potable water infrastructure and to connect it to the City's water main pursuant to SWSC's standards and as shown in **Exhibit "A-2"**; and

WHEREAS, the water line shall become the property of SWSC; and

WHEREAS, City will maintain its own facilities and meters, as further provided herein, during the term of this agreement; and

WHEREAS, the City, Owner, and SWSC will execute a Waterline Access Agreement for the Property; and

WHEREAS, SWSC will provide sixty (60) days advance notice to City of its intent to disconnect its water line from the City's water main.

NOW THEREFORE, in consideration of the recitals and covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, SWSC and City agree as follows:

- I. City shall provide potable water service to the Property on a temporary basis, conditioned upon Owner's payment of all required fees to SWSC and completion of all SWSC development requirements.
- II. SWSC shall retain the uninstalled developer-paid SWSC meters in its inventory until SWSC has constructed sufficient infrastructure as provided herein.
- III. City shall allow Owner to connect to its water main via a water line, on a temporary basis and only until such time as SWSC extends a water main sufficient in size to support the provision of domestic potable water service to customers within the Property as well as operation of the fire hydrants.
- IV. Owner shall be responsible for the installation of the water line from the Property to the City's water main and shall install such water line pursuant to SWSC's standards.
- V. Upon completion of its installation, the fire hydrant shall become the property of the City pursuant to a Waterline Access Agreement between Owner, City, and SWSC, and the water line shall become the property of SWSC.
- VI. City will maintain and repair the waterline during the term of this Agreement.
- VII. City will install and maintain its own meters for the provision of potable water service to the customers within the Property ("Customers") during the term of this Agreement.
- VIII. Customers receiving temporary service from the City shall be subject to the City's then-current water rates, fees, deposits, penalties, surcharges, service policies, disconnection rules, drought restrictions, and all applicable City ordinances, as amended from time to time.
- IX. This Agreement shall remain in effect until SWSC has constructed infrastructure sufficient to provide domestic potable water service to the Property and has given the City sixty (60) days advance notice of SWSC's intent to disconnect its water line from the City's water main.

- X. Upon SWSC's advance notice of its intent to disconnect its water line from the City's water main, SWSC and City will coordinate Customer information along with the removal of the City meters and the installation of the SWSC meters. City shall provide the list of active service accounts and customer information to SWSC. Upon establishing the service accounts, SWSC will install its meters and begin providing potable water service on or before the date its water line is disconnected from the City's water main. The City shall provide customer information to SWSC only to the extent permitted by applicable law and only for purposes of transitioning service from the City to SWSC. SWSC shall maintain the confidentiality of such information and shall not use or disclose it for any unrelated purpose.
- XI. It is further understood and agreed that OWNER shall cover any legal, administrative and engineering fees incurred by SWSC as a result of processing and executing this Agreement in an amount not to exceed \$750.00.
- XII. This Agreement contains the entire agreement between the parties with respect to the rights granted and obligations assumed by the parties hereto. Any oral representations or modifications concerning this instrument shall be of no force or effect unless contained in a subsequent writing signed by the party to be charged.
- XIII. This Agreement has been approved by the appropriate bodies of SWSC and City as evidenced by copies of the resolutions and/or minutes of the governing bodies of each, attached hereto as **Exhibits "B" and "C"**, respectively, which have been executed by the appropriate officers thereof.
- XIV. Notwithstanding any other provisions of this Agreement, the City's obligations under this Agreement shall not commence unless and until Owner has executed the Waterline Access Agreement, paid all applicable City and SWSC fees, provided all required easements and access rights, completed the water infrastructure to the satisfaction of the City Engineer and SWSC, and provided all required conveyance, warranty, as-built, and acceptance documents.
- XV. Any connection to the City's water system shall be subject to review and written approval by the City Engineer and shall comply with all applicable City standards, ordinances, specifications, and operational requirements, in addition to SWSC standards. The City shall not be deemed to have accepted ownership, maintenance responsibility, or operational responsibility for any facility unless expressly accepted in writing by the City.

- XVI. This agreement is temporary and shall not create a permanent service obligation by the City. The City may terminate this Agreement upon reasonable written notice if: (1) Owner or SWSC fails to comply with any material obligation under this Agreement or the related Waterline Access Agreement and fails to cure after written notice; or (2) any regulatory approval necessary for this temporary arrangement is denied, withdrawn, or determined to be required but not obtained. Nothing herein limits the City's authority to apply its ordinances, rates, service policies, drought restrictions, billing procedures, or disconnection rules to individual Customers receiving city service.
- XVII. Nothing in this Agreement shall be construed as amending, transferring, decertifying, or modifying any Certificate of Convenience and Necessity or retail service area. The parties shall be responsible for obtaining any regulatory approval required for this temporary service arrangement before service commences.
- XVIII. Nothing in this Agreement waives or limits any governmental immunity, defense, limitation, or protection available to the City under Texas law. This Agreement does not create any third-party beneficiary rights in favor of Owner, Customers, or any other person or entity.

**SHARYLAND WATER SUPPLY
CORPORATION**

Date: _ _ _ _ _

By: _ _ _ _ _

Mark Moseley, President

P. O. Box 1868

Mission, Texas 78573

Attest:

Mario Reyna, Secretary-Treasurer

CITY OF MISSION

Date: _ _ _ _ _

By: _ _ _ _ _

Norie Gonzalez Garza, Mayor

1201 E. 8th Street

Mission, Texas 78572

Attest:

Anna Carrillo, City Secretary